

**BRIARGATE CENTER BUSINESS
IMPROVEMENT DISTRICT**
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)
Financial Statements
December 31, 2020

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

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Dazzo & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Briargate Center Business Improvement District
City of Colorado Springs, Colorado

We have audited the accompanying financial statements of the governmental activities and each major fund of the Briargate Center Business Improvement District (the District), a component unit of the City of Colorado Springs, Colorado, as of and for the year December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Briargate Center Business Improvement District, as of December 31, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budget to actual schedules for the debt service and capital projects funds (the Supplementary Information) and the schedule of debt service requirements to maturity and the summary of assessed valuation, mill levy and property taxes collected (the Other Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budget to actual schedules for the debt service and capital projects funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Dassio & Associates, P.C.

February 15, 2021

BASIC FINANCIAL STATEMENTS

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF NET POSITION
December 31, 2020**

| | |
|--------------------------------------------|---------------------|
| Assets | |
| Cash and Investments - Unrestricted | \$ 124,343 |
| Investments - Restricted | 186,222 |
| Investments - Restricted - Held by Trustee | |
| Special Assessment Refunding Bond Reserve | 558,959 |
| Special Assessment Refunding Bond Fund | 99,698 |
| Loan Reserve Fund | 80,000 |
| Loan Pledged Revenue Fund | 67,861 |
| Loan Payment Fund | 321 |
| Receivable from County Treasurer | 4,401 |
| Property Taxes Receivable | 478,510 |
| Assessments Receivable - Current | 406,648 |
| Assessments Receivable - Long-Term | 2,889,208 |
| Prepaid Bond Insurance | 145,987 |
| Capital Assets, Net | 11,179,205 |
| | <hr/> |
| Total Assets | 16,221,363 |
| | <hr/> |
| Liabilities | |
| Accounts Payable | 803 |
| Accrued Interest Payable | 24,138 |
| Noncurrent Liabilities | |
| Due Within One Year | 596,000 |
| Due In More Than One Year | 11,207,105 |
| | <hr/> |
| Total Liabilities | 11,828,046 |
| | <hr/> |
| Deferred Inflows of Resources | |
| Unavailable Revenue - Property Taxes | 478,510 |
| | <hr/> |
| Net Position | |
| Net Investment in Capital Assets | 161,032 |
| Restricted | |
| Debt Service | 3,625,834 |
| Labor Emergencies | 3,480 |
| Unrestricted | 124,461 |
| | <hr/> |
| Total Net Position | \$ 3,914,807 |
| | <hr/> <hr/> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

| <u>Function/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---------------------------------------------------|-------------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| Government Activities: | | | | | |
| General Government | \$ 30,537 | \$ - | \$ - | \$ - | \$ (30,537) |
| Interest and Related Charges on Long-term Debt | 353,195 | - | - | 184,324 | (168,871) |
| Unallocated Depreciation | 530,479 | - | - | - | (530,479) |
| Total | <u>\$ 914,211</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 184,324</u> | <u>(729,887)</u> |
| General Revenues: | | | | | |
| | | | | | 51,273 |
| | | | | | 448,462 |
| | | | | | 54,588 |
| | | | | | 4,110 |
| | | | | | 8,561 |
| Total General Revenues | | | | | <u>566,994</u> |
| Change in Net Position | | | | | (162,893) |
| Net Position - Beginning | | | | | 4,077,700 |
| Net Position - Ending | | | | | <u>\$ 3,914,807</u> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020**

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|-------------------------------------------------------------------------------|-------------------|-------------------------|-----------------------------------------|
| Assets | | | |
| Cash and Investments - Unrestricted | \$ 124,343 | \$ - | \$ 124,343 |
| Investments - Restricted | - | 186,222 | 186,222 |
| Investments - Restricted - Held by Trustee | | | |
| Special Assessment Bond Reserve | - | 558,959 | 558,959 |
| Special Assessment Bond Fund | - | 99,698 | 99,698 |
| Loan Reserve Fund | - | 80,000 | 80,000 |
| Loan Pledged Revenue Fund | - | 67,861 | 67,861 |
| Loan Payment Fund | - | 321 | 321 |
| Receivable from County Treasurer | 4,401 | - | 4,401 |
| Property Taxes Receivable | 159,503 | 319,007 | 478,510 |
| Assessments Receivable | - | 3,295,856 | 3,295,856 |
| Total Assets | <u>\$ 288,247</u> | <u>\$ 4,607,924</u> | <u>\$ 4,896,171</u> |
| Liabilities | | | |
| Accounts Payable | \$ 803 | \$ - | \$ 803 |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue - Property Taxes | 159,503 | 319,007 | 478,510 |
| Unavailable Revenue - Special Assessments | - | 3,295,856 | 3,295,856 |
| Total Deferred Inflows of Resources | <u>159,503</u> | <u>3,614,863</u> | <u>3,774,366</u> |
| Fund Balances | | | |
| Restricted | | | |
| Debt Service | - | 993,061 | 993,061 |
| TABOR Emergencies | 3,480 | - | 3,480 |
| Unassigned | <u>124,461</u> | <u>-</u> | <u>124,461</u> |
| Total Fund Balances | <u>127,941</u> | <u>993,061</u> | <u>1,121,002</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 288,247</u> | <u>\$ 4,607,924</u> | <u>\$ 4,896,171</u> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2020**

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Total Fund Balances - Governmental Funds | \$ 1,121,002 |
| <p>Total net position reported for governmental activities in the statement of net position is different because:</p> | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund. Those assets consist of:</p> | |
| Infrastructure, net | 9,719,404 |
| Landscaping improvements, net | 1,459,801 |
| <p>Prepaid Bond insurance costs are not financial resources and, therefore, are not reported in the funds</p> | |
| | 145,987 |
| <p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.</p> | |
| <p>Balances at year-end are:</p> | |
| Special Assessment Bonds Payable | (3,135,000) |
| 2018 Loan Payable | (2,852,000) |
| Promissory Note | (5,816,105) |
| <p>Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due</p> | |
| | (24,138) |
| <p>Special assessments are long-term assets and are not available to pay for current period expenditures and, therefore, are deferred in the funds.</p> | |
| | <u>3,295,856</u> |
| Total Net Position - Governmental Activities | <u><u>\$ 3,914,807</u></u> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2020

| | <u>General</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|-------------------|-------------------------|-----------------------------------------|
| Revenues | | | |
| Property Taxes | \$ 51,273 | \$ 448,462 | \$ 499,735 |
| Specific Ownership Tax | 54,588 | - | 54,588 |
| Special Assessment Fees | - | 387,838 | 387,838 |
| Interest on Special Assessments | - | 184,324 | 184,324 |
| Net Investment Income | 1,538 | 2,572 | 4,110 |
| Miscellaneous Revenue | 8,561 | - | 8,561 |
| Total Revenues | <u>115,960</u> | <u>1,023,196</u> | <u>1,139,156</u> |
| Expenditures | | | |
| Current | | | |
| Accounting and Auditing | 6,813 | - | 6,813 |
| County Treasurer's Fees | 770 | 6,731 | 7,501 |
| Legal Fees | 16,635 | - | 16,635 |
| Insurance | 5,534 | - | 5,534 |
| Miscellaneous | 785 | - | 785 |
| Debt service | | | |
| Principal - Special Assessment Bond | - | 380,000 | 380,000 |
| Interest - Special Assessment Bond | - | 172,235 | 172,235 |
| Principal - 2018 Loan | - | 272,500 | 272,500 |
| Interest - 2018 Loan | - | 151,109 | 151,109 |
| Paying Agent / Trustee Fees | - | 4,900 | 4,900 |
| Total Expenditures | <u>30,537</u> | <u>987,475</u> | <u>1,018,012</u> |
| Net Change in Fund Balances | 85,423 | 35,721 | 121,144 |
| Fund Balances - Beginning | 42,518 | 957,340 | 999,858 |
| Fund Balances - Ending | <u>\$ 127,941</u> | <u>\$ 993,061</u> | <u>\$ 1,121,002</u> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020**

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|
| Net Change in Fund Balances - Governmental Funds | | \$ 121,144 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital Outlay | \$ - | |
| Depreciation Expense | <u>(530,479)</u> | (530,479) |
| Governmental funds report special assessments as revenues in the period they are received. In the statement of activities, however, they are recorded as revenues in the year they are assessed. | | |
| | | (387,838) |
| Long-term debt (e.g., issuance of bonds, loans) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Principal Payments: | | |
| Special Assessment Bonds | 380,000 | |
| 2018 Loan | <u>272,500</u> | 652,500 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Bond Insurance Expense | | (20,855) |
| Interest expense in the statement of activities differs from the amount reported in governmental funds because of the change in accrued interest. | | |
| Change in accrued interest on long-term obligations | | <u>2,635</u> |
| Change in Net Position - Governmental Activities | | <u><u>\$ (162,893)</u></u> |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2019 |
|----------------------------------------------|--------------------------------------------------------|---------------------------|---------------------------------------------------------------------|------------------|
| Revenues | | | | |
| Property Taxes | \$ 51,509 | \$ 51,273 | \$ (236) | \$ 49,693 |
| Specific Ownership Tax | 35,000 | 54,588 | 19,588 | 57,641 |
| Net Investment Income | 5,000 | 1,538 | (3,462) | 14,814 |
| Miscellaneous Revenue | - | 8,561 | 8,561 | - |
| Total Revenues | 91,509 | 115,960 | 24,451 | 122,148 |
| Expenditures | | | | |
| Current | | | | |
| Accounting and Auditing | 7,700 | 6,813 | 887 | 7,015 |
| County Treasurer's Fees | 1,800 | 770 | 1,030 | 749 |
| Legal Fees | 15,000 | 16,635 | (1,635) | 28,205 |
| Insurance | 20,000 | 5,534 | 14,466 | 20,177 |
| Miscellaneous | 47,012 | 785 | 46,227 | - |
| Total Expenditures | 91,512 | 30,537 | 60,975 | 56,146 |
| Excess Revenues Over Expenditures | (3) | 85,423 | 85,426 | 66,002 |
| Other Financing (Uses) | | | | |
| Transfers Out | - | - | - | (500,000) |
| Net Change in Fund Balance | (3) | 85,423 | 85,426 | (433,998) |
| Fund Balance - Beginning | 23,647 | 42,518 | 18,871 | 476,516 |
| Fund Balance - Ending | \$ 23,644 | \$ 127,941 | \$ 104,297 | \$ 42,518 |

The notes to the financial statements are an integral part of this statement.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Note 1 – Reporting Entity

The Briargate Center Business Improvement District (the District) was formed by the City of Colorado Springs, Colorado (the City) through Ordinance No. 02-24 adopted on February 12, 2002, pursuant to Section 31-25-1201, et seq., C.R.S., for the purpose of financing the public improvements and services needed to promote the continued vitality of the commercial businesses within the District. By way of explanation and not limitation, the District's initial Operating Plan and Budget provides for the District to construct, install or acquire street improvements, including curbs, gutters, traffic safety devices, paved parking areas, sidewalks, pedestrian malls, streetlights, drainage, water and sewer facilities, and landscaping of common areas. The District is governed by an elected five-member Board of Directors.

The District created Special Improvement District No. 02-1 (the SID); however, it is not an independent governmental entity. The SID is a geographical division of the District created for the purpose of financing the costs of certain improvements and assessing such costs against certain property specially benefiting from those improvements. The Board created the SID, upon petition of the owners of one hundred percent of the property included in the SID, by resolution adopted July 11, 2002. The boundaries of the SID are coterminous with those of the District.

The SID contains a total of approximately 29.166 acres of land wholly within the City originally developed as an open-air shopping center known as The Promenade Shops at Briargate by specialty retail developer Poag & McEwen Lifestyle Centers, LLC (Poag). The Promenade Shops were sold by Poag to IMI Colorado Springs, LLC (IMI) in August of 2013. In August of 2019, IMI sold The Promenade Shops to HGIT Briargate, LLC, a Delaware limited liability company which is owned by Hines & Company.

In accordance with state statute, the District submits an operating plan and budget each year for approval to the City.

The District has no employees and all operations and administrative functions are contracted. Pursuant to a Public Improvements Maintenance Agreement, the current owner of the Shops at Briargate is responsible for maintaining the public improvements.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other District organization. The District is considered a component unit of the City of Colorado Springs, Colorado.

Note 2 – Summary of Significant Accounting Policies

The more significant accounting policies of the District are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes and special assessment fees.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property taxes. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition, construction and replacement of capital equipment and facilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

Annual Operating Plan and Budgets

The District provides an annual operating plan and budget to the City of Colorado Springs City Council for its review and approval on or before September 30 of each year. The annual operating plan and budget includes a description of its proposed activities for the upcoming budget year and include a report of the District's activities for the past year. The City approves or disapproves the operating plan and budget within thirty days after receipt of the operating plan and budget, but not later than December 5. The operating plan and the budget may, from time to time, be amended by the District with the approval of the City.

Pooled Cash and Investments

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Property Taxes

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020**

in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected

Restricted Assets

Certain assets whose use is restricted for bonded debt service by debt indentures are segregated on the government-wide statement of net position and the fund balance sheet.

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

| | |
|------------------------|---------------|
| Infrastructure | 25 - 40 years |
| Landscape Improvements | 10 - 15 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
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position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, one item, unavailable revenue – property tax, is reported in both the government-wide statement of net position and the governmental funds balance sheet. The governmental funds also report unavailable revenues from special assessments. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Long-term Obligations

In the government-wide financial statements, debt premiums and discounts are deferred and amortized over the life of the issue using the percentage of current principal payments to total debt issue. Debt issuance costs, except any portion related to prepaid insurance costs, are expensed when incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted Net Position represents assets that do not have any third-party limitations on their use.

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For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

The District reports the following Restricted Fund Balances:

Restricted for Debt Service

Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Restricted for TABOR Emergencies

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 9).

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

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Assigned fund balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3 – Cash and Investments

The District’s unrestricted and restricted cash and investments consist of the following on December 31, 2020:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| Cash | \$ 882 | \$ - | \$ 882 |
| Investments | 123,461 | 993,061 | 1,116,522 |
| Total | <u>\$ 124,343</u> | <u>\$ 993,061</u> | <u>\$ 1,117,404</u> |

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Deposits with Financial Institutions

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the District had a bank balance of \$11,877 and a carrying balance of \$882.

Investments

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

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Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

At December 31, 2020, the District had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|----------------------------------------------------------|--------------------------------|---------------------|
| Morgan Stanley Liquidity Funds Treasury Portfolio | Weighted Average under 60 days | \$ 658,656 |
| First American Government Obligation Fund | Weighted Average under 60 days | 148,182 |
| Colorado Local Government Liquid Asset Trust (Colotrust) | Weighted Average under 60 days | <u>309,684</u> |
| Total | | <u>\$ 1,116,522</u> |

The Morgan Stanley Institutional Liquidity Funds Treasury Portfolio (MSILF) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations. The MSILF records its investments at fair value and the District records its investment in MSILF using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAM by Standard and Poor's and AAA-mf by Moody's.

The First American Funds Government Obligations Fund (FAFGO) invests exclusively in US Treasury Obligations and repurchase agreements fully collateralized by US Treasury Obligations.

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The FAFGO records its investments at fair value and the District records its investment in FAFGO using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. The fund is rated AAAm by Standard and Poor's and AAA-mf by Moody's.

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

| Governmental Activities: | Beginning | | | Ending |
|----------------------------------------|----------------------|---------------------|------------------|----------------------|
| | Balance | Increases | Decreases | Balance |
| Capital assets being depreciated | | | | |
| Infrastructure | \$ 13,702,355 | \$ - | \$ - | \$ 13,702,355 |
| Landscaping | 1,695,719 | - | - | 1,695,719 |
| Total Capital assets being depreciated | <u>15,398,074</u> | <u>-</u> | <u>-</u> | <u>15,398,074</u> |
| Accumulated depreciation | | | | |
| Infrastructure | (3,569,358) | (413,593) | - | (3,982,951) |
| Landscaping | (119,032) | (116,886) | - | (235,918) |
| Total Accumulated depreciation | <u>(3,688,390)</u> | <u>(530,479)</u> | <u>-</u> | <u>(4,218,869)</u> |
| Capital Assets, Net | <u>\$ 11,709,684</u> | <u>\$ (530,479)</u> | <u>\$ -</u> | <u>\$ 11,179,205</u> |

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Note 5 – Long-term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2020.

| Governmental activities: | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Special Assessment Refunding Revenue Bonds, Series 2006 | \$ 3,515,000 | \$ - | \$ 380,000 | \$ 3,135,000 | \$ 310,000 |
| Direct Borrowings: | | | | | |
| G.O. Refunding Loan, Series 2018 | 3,124,500 | - | 272,500 | 2,852,000 | 286,000 |
| Promissory Note (see Note 6) | 5,816,105 | - | - | 5,816,105 | - |
| Total Long-term Debt | <u>\$ 12,455,605</u> | <u>\$ -</u> | <u>\$ 652,500</u> | <u>\$ 11,803,105</u> | <u>\$ 596,000</u> |

Special Assessment Refunding Revenue Bonds

On May 31, 2006, The District issued \$7,360,000 Special Improvement District No. 02-1 Special Assessment Refunding Revenue Bonds, Series 2006 (the Bonds). The Bonds consist of term bonds in the original amounts of \$2,730,000 due on December 1, 2016 with interest at 4.50% and \$4,630,000 due on December 1, 2027 with interest at 4.9%. The bonds were issued to refund Special Assessment Revenue Bonds, Series 2002B. The original 2002 bonds that were refunded by this issue were utilized for construction of public improvements in the District. Commencing June 1, 2011, all of the Series 2006 Bonds are subject to redemption prior to maturity from sources other than Special Assessments, at the option of the District, in whole or in part, on any date, upon payment of par and accrued interest, without redemption premium. Repayment of both principal and interest on the bonds are insured by ACA Financial Guaranty Corporation.

The Bonds constitute special revenue obligations of the District payable solely from and to the extent of the Special Assessment Revenue imposed on property with the District. Under no circumstances shall any of the Bonds be held to be a general obligation of the District or debt, or indebtedness, obligation, or liability of the City, the County or the State. The bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of the Reserve Requirement of \$558,945.

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The estimated annual debt service requirements for the bonds are as follows:

| Year | Principal | Interest | Total |
|-------------|------------------|-----------------|--------------|
| 2021 | \$ 310,000 | \$ 153,615 | \$ 463,615 |
| 2022 | 420,000 | 138,425 | 558,425 |
| 2023 | 440,000 | 117,845 | 557,845 |
| 2024 | 460,000 | 96,285 | 556,285 |
| 2025 | 480,000 | 73,745 | 553,745 |
| 2026-2027 | 1,025,000 | 75,950 | 1,100,950 |
| | \$ 3,135,000 | \$ 655,865 | \$ 3,790,865 |

The financial condition of the District is substantially dependent upon the success of the development. Neither Poag, IMI, or HGIT Briargate, LLC, the current owner of The Promenade Shops at Briargate, have guaranteed the payment of the special assessments to the owners of the bonds, nor can there be any assurance that the special assessment revenue will be sufficient to pay the principle of the bonds and the interest on the bonds as it becomes due.

Limited Tax General Obligation Refunding Loan, Series 2018

On November 29, 2018, the District entered into a loan agreement with U.S. Bank National Association (the 2018 Loan), in the original principal amount of \$3,379,500. The proceeds were used to refund the remaining amount due on the 2012 Loan in the principal amount of \$3,379,500, to fund a debt service reserve fund of \$80,000 and provide for the payment of issuance costs. The Loan matures on December 1, 2028, payable in varying amounts beginning December 1, 2019 with an interest rate of 4.77%, payable semiannually on June 1 and December 1.

The Loan is secured by and payable solely from Pledged Revenue, which includes: (i) property taxes derived from the Required Mill Levy net of the cost of collection, (ii) Specific Ownership Taxes attributable to the Required Mill Levy, and (iii) any other legally available monies which the District determines to be treated as Pledged Revenue. The required mill levy cannot exceed 50 mills, which may be adjusted for changes in the assessment ratio. The bonds are also secured by amounts held by the Trustee in the Reserve Fund in the amount of the Reserve Requirement of \$80,000.

The 2018 loan may be prepaid prior to the maturity date in whole or in part. Upon prepayment the District shall be required to pay to the Bank a prepayment fee (a Prepayment Fee) equal to the greater of (i) zero or (ii) that amount, calculated on any date of prepayment (a Prepayment Date), which is derived by subtracting: (A) the outstanding Loan principal (or the Loan principal

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**NOTES TO THE FINANCIAL STATEMENTS
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to be prepaid on such Prepayment Date if such prepayment is a partial prepayment) from (B) the Net Present Value of the Loan (or that portion of the Loan to be prepaid on such Prepayment Date if such prepayment is a partial prepayment).

Annual debt service requirements for the 2018 Loan follow:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2021 | \$ 286,000 | \$ 136,040 | \$ 422,040 |
| 2022 | 300,000 | 122,398 | 422,398 |
| 2023 | 315,000 | 108,088 | 423,088 |
| 2024 | 329,000 | 93,063 | 422,063 |
| 2025 | 346,000 | 77,369 | 423,369 |
| 2026-2028 | 1,276,000 | 129,839 | 1,405,839 |
| | <u>\$ 2,852,000</u> | <u>\$ 666,797</u> | <u>\$ 3,518,797</u> |

Authorized Debt

On May 8, 2012, a majority of the qualified electors of the District authorized the issuance of indebtedness in an amount not to exceed \$39,950,000 at an interest rate not to exceed 18% per annum.

At December 31, 2020, the District had authorized but unissued indebtedness in the following amounts allocated for the following purposes:

| | Amount Authorized on May 8, 2012 | Authorization Used | Authorized but Unissued |
|----------------------------|----------------------------------------|-----------------------|----------------------------|
| Water | \$ 3,895,000 | \$ 232,100 * | \$ 3,662,900 |
| Sanitation | 3,895,000 | 232,100 * | 3,662,900 |
| Streets | 3,895,000 | 232,100 * | 3,662,900 |
| Park and recreation | 3,895,000 | 232,100 * | 3,662,900 |
| Amenities | 3,895,000 | 232,100 * | 3,662,900 |
| Operations and maintenance | 1,000,000 | - | 1,000,000 |
| Refundings | 19,475,000 | 3,174,500 | 16,300,500 |
| | <u>\$ 39,950,000</u> | <u>\$ 4,335,000</u> | <u>\$ 35,615,000</u> |

* Approximated

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Note 6 – Acquisition and Reimbursement Agreements

On December 23, 2015, the District entered into an Acquisition and Reimbursement Agreement (2015 ARA) with IMI. In 2015, IMI installed and constructed public improvements in connection with a partial redevelopment of the Promenade Shops at Briargate, including landscaping and construction of a traffic signal at the entrance to the shops (Phase 1 Public Improvements). Pursuant to the 2015 ARA, subject to the City's prior approval, IMI agreed to convey to the District and/or the City the Phase 1 Public Improvements in consideration of the District's issuance of a Subordinate Note to IMI in reimbursement of the Phase 1 costs. The costs of the public improvements completed as of the date of the 2015 ARA amount to \$1,344,293. The costs of any uncompleted or future public improvements, if any, will be subsequently determined based upon actual costs as supported by the project invoices and payment records verified by IMI and acceptable to the District.

The 2015 ARA did not create a multi-fiscal year direct or indirect debt or other financial obligation of the District. The Subordinate Note, however, if it were issued, was intended to create a multiple fiscal year financial obligation of the District that was subordinate in all respects to the District's currently outstanding senior debt, bonds or other financial obligations, including ongoing operation and maintenance expense. The 2015 ARA has been superseded and replaced by the 2019 ARA discussed below.

On August 14, 2017, the District entered into an Acquisition and Reimbursement Agreement (2017 ARA) with IMI. Pursuant to the 2017 ARA, IMI constructed parking lot improvements consisting of parking lot light replacement, certain drainage improvement reconstruction and pavement replacement (Public Improvements). Upon completion and acceptance of the Public Improvements by the District, the District has agreed, subject to the availability, appropriation and budgeting of funds, to reimburse IMI in an amount not to exceed \$120,000, in exchange for conveyance of the Public Improvements to the District. During the year-ended December 31, 2019, the District accepted the public improvements that were constructed pursuant to the 2017 ARA and reimbursed IMI \$120,000. This payment extinguished all of the District's obligations under the 2017 ARA which have been performed. The 2017 ARA is no longer in effect.

On June 27, 2019, as further amended on September 4, 2019, the District entered into a Restated and Amended Acquisition and Reimbursement Agreement (2019 ARA) with IMI which, among other things, superseded and replaced the 2015 ARA. Pursuant to the 2019 ARA, the District accepted the Phase I Public Improvements described in the 2015 ARA for a reimbursable cost of \$1,344,293; i.e. Phase 1 costs, and also accepted the Phase 2 public improvements described in the 2019 ARA. Additionally, IMI completed the planned redevelopment of The Promenade Shops in 2018 and in connection therewith installed, and the District accepted, additional public

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**NOTES TO THE FINANCIAL STATEMENTS
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improvements to serve The Promenade Shops at a cost of \$4,851,812 (Phase II Public Improvements).

Further, it is no longer the expectation of the District or IMI that in exchange for the conveyance of the Public Improvements to the District, the District will issue a Subordinate Taxable Note to IMI. In lieu of a Subordinate Taxable Note the District has issued a taxable promissory note (Promissory Note) in the amount of \$6,196,105 payable to IMI without interest and on a year-to-year basis subject to appropriation and budgeting of funds for such payments by the District on an annual basis to the extent funds are available. During the year ended December 31, 2019, the District reimbursed IMI \$380,000 leaving an outstanding balance of \$5,816,105.

The Term of the 2019 ARA ends on the date that the reimbursable costs for the Phase I and Phase II Public Improvements are paid in full to HGIT Briargate, LLC, the assignee of IMI, or June 27, 2039, whichever occurs first.

Note 7 – Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Note 8 – Related Party

Members of the Board of Directors are employees of, or otherwise affiliated with Hines & Company, which owns HGIT Briargate, LLC, the current owner of The Promenade Shops at Briargate. Hines & Company currently manages the Promenade Shops at Briargate.

Note 9 – Tax Spending and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is

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generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

On May 7, 2002, the District requested and received the approval of its electorate of a revenue change such that it will not be subject to the fiscal year spending limitations set forth above.

On May 8, 2012, the District's electors approved the following ballot issue:

Shall Briargate Center Business Improvement District taxes be increased \$1,000,000 annually, or by such lesser annual amount as may be necessary to pay the District's operations, maintenance, and other expenses: such taxes to consist of an ad valorem mill levy imposed on all taxable property of the District without limitation of rate or with such limitations as may be determined by the District Board of Directors, and in amounts sufficient to produce the annual increase set forth above or such lesser amount as may be necessary, to be used for the purpose of paying the District's operations, maintenance, and other expenses; and shall the proceeds of such taxes and investment income thereon be collected and spent by the District as a voter-approved revenue change in 2012 and in each year thereafter, without regard to any spending, revenue-raising, or other limitation contained within Article X, Section 20 of the Colorado Constitution, or Section 29-1-301, Colorado Revised Statutes, and without limiting in any year the amount of other revenues that may be collected and spent by the District.

SUPPLEMENTARY INFORMATION

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2019 |
|-------------------------------------|--------------------------------------------------------|---------------------------|---------------------------------------------------------------------|-------------------|
| Revenues | | | | |
| Property Taxes | \$ 450,706 | \$ 448,462 | \$ (2,244) | \$ 434,645 |
| Special Assessment Fees | 387,838 | 387,838 | - | 369,898 |
| Interest on Special Assessments | 178,659 | 184,324 | 5,665 | 202,264 |
| Net Investment Income | 10,000 | 2,572 | (7,428) | 19,899 |
| Total Revenues | 1,027,203 | 1,023,196 | (4,007) | 1,026,706 |
| Expenditures | | | | |
| Current | | | | |
| County Treasurer's Fees | 7,000 | 6,731 | 269 | 6,555 |
| Legal Fees | 5,000 | - | 5,000 | - |
| Debt Service | | | | |
| Principal - Special Assessment Bond | 380,000 | 380,000 | - | 360,000 |
| Interest - Special Assessment Bond | 176,400 | 172,235 | 4,165 | 189,875 |
| Principal - 2018 Loan | 272,500 | 272,500 | - | - |
| Interest - 2018 Loan | 149,039 | 151,109 | (2,070) | - |
| Principal - 2012 Limited Tax Note | - | - | - | 255,000 |
| Interest - 2012 Limited Tax Note | - | - | - | 164,784 |
| Paying Agent / Trustee Fees | 5,000 | 4,900 | 100 | 4,650 |
| Total Expenditures | 994,939 | 987,475 | 7,464 | 980,864 |
| Net Change in Fund Balance | 32,264 | 35,721 | 3,457 | 45,842 |
| Fund Balance - Beginning | 949,572 | 957,340 | 7,768 | 911,498 |
| Fund Balance - Ending | \$ 981,836 | \$ 993,061 | \$ 11,225 | \$ 957,340 |

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**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2019 |
|---------------------------------------------------------|--------------------------------------------------------|---------------------------|---------------------------------------------------------------------|-------------|
| Revenues | | | | |
| Total Revenues | \$ - | \$ - | \$ - | \$ - |
| Expenditures | | | | |
| Principal - Promissory Note | - | - | - | 500,000 |
| Total Expenditures | - | - | - | 500,000 |
| Excess of Revenues Over (Under) Expenditures | - | - | - | (500,000) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | - | - | 500,000 |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | \$ - | \$ - | \$ - | \$ - |

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OTHER INFORMATION

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**Schedule of Debt Service Requirements to Maturity
December 31, 2020**

| Year | Limited Tax, General Obligation Refunding Loan, Series 2018 | | | | Special Assessment Refunding Bonds Series 2006 | | | |
|------|------------------------------------------------------------------------|---------------------|-------------------|---------------------|-----------------------------------------------------------|---------------------|-------------------|---------------------|
| | Rate | Principal | Interest | Total | Rate | Principal | Interest | Total |
| 2020 | 4.77 | \$ 272,500 | \$ 149,039 | \$ 421,539 | 4.90 | \$ 295,000 | \$ 172,235 | \$ 467,235 |
| 2021 | 4.77 | 286,000 | 136,040 | 422,040 | 4.90 | 395,000 | 157,780 | 552,780 |
| 2022 | 4.77 | 300,000 | 122,398 | 422,398 | 4.90 | 420,000 | 138,425 | 558,425 |
| 2023 | 4.77 | 315,000 | 108,088 | 423,088 | 4.90 | 440,000 | 117,845 | 557,845 |
| 2024 | 4.77 | 329,000 | 93,063 | 422,063 | 4.90 | 460,000 | 96,285 | 556,285 |
| 2025 | 4.77 | 346,000 | 77,369 | 423,369 | 4.90 | 480,000 | 73,745 | 553,745 |
| 2026 | 4.77 | 363,000 | 60,865 | 423,865 | 4.90 | 500,000 | 50,225 | 550,225 |
| 2027 | 4.77 | 380,000 | 43,550 | 423,550 | 4.90 | 525,000 | 25,725 | 550,725 |
| 2028 | 4.77 | 533,000 | 25,424 | 558,424 | - | - | - | - |
| | | <u>\$ 3,124,500</u> | <u>\$ 815,836</u> | <u>\$ 3,940,336</u> | | <u>\$ 3,515,000</u> | <u>\$ 832,265</u> | <u>\$ 4,347,265</u> |

**BRIARGATE CENTER BUSINESS IMPROVEMENT DISTRICT
(A COMPONENT UNIT OF THE CITY OF COLORADO SPRINGS)**

**Schedule of Assessed Valuation, Mill Levy and
Property Taxes Collected**

| Levy Year | Collection Year | Assessed Valuation | Mill Levy | | | Total Levy | Current Collection | Collection Rate |
|-----------|-----------------|--------------------|-----------|--------|--------|------------|--------------------|-----------------|
| | | | General | Debt | Total | | | |
| 2011 | 2012 | \$ 8,102,240 | 0.000 | 35.674 | 35.674 | \$ 289,039 | \$ 289,039 | 100.00% |
| 2012 | 2013 | 8,094,160 | 8.000 | 37.000 | 45.000 | 364,237 | 364,237 | 100.00% |
| 2013 | 2014 | 8,047,220 | 8.000 | 37.000 | 45.000 | 362,125 | 360,570 | 99.57% |
| 2014 | 2015 | 7,909,780 | 8.000 | 37.000 | 45.000 | 355,940 | 355,205 | 99.79% |
| 2015 | 2016 | 10,594,010 | 16.000 | 29.000 | 45.000 | 476,730 | 471,674 | 98.94% |
| 2016 | 2017 | 11,231,240 | 10.000 | 29.000 | 39.000 | 438,018 | 437,323 | 99.84% |
| 2017 | 2018 | 12,128,350 | 10.000 | 29.000 | 39.000 | 473,006 | 469,397 | 99.24% |
| 2018 | 2019 | 12,207,740 | 4.000 | 35.000 | 39.000 | 476,102 | 476,102 | 100.00% |

Estimated for
Year Ending
December 31,
2020

\$ 12,877,300 4.000 35.000 39.000 \$ 502,215

Note:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

Source: El Paso County Assessor and Treasurer.